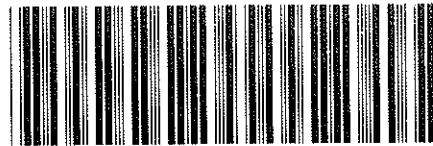


RECORDING REQUESTED BY
FIRST AMERICAN TITLE

Recording Requested By:

Union Pacific Railroad Company
49 Stevenson Street, 15th Floor
San Francisco, California 94105

2000382036 12/29/2000 08:30 AM
OFFICIAL RECORDS OF RECORDING FEE: 43.00
ALAMEDA COUNTY
PATRICK O'CONNELL



13 PGS

When Recorded, Mail To:

Loretta K. Barsamian, Executive Officer
California Regional Water Quality Control Board
San Francisco Bay Region
1515 Clay Street, Suite 1400
Oakland, California 94612

CALIFORNIA REGIONAL WATER

JAN 10 2001

QUALITY CONTROL BOARD

COVENANT AND ENVIRONMENTAL RESTRICTION
ON PROPERTY

4525 San Leandro Street
Oakland, California

This Covenant and Environmental Restriction on Property (this "Covenant") is made as of the 28 day of December, 2000 by Union Pacific Railroad Company, a Delaware corporation ("Covenantor") who is the Owner of record of that certain property situated at 4525 San Leandro Street, in the City of Oakland, County of Alameda, State of California, which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (such portion hereinafter referred to as the "Burdened Property"), for the benefit of the California Regional Water Quality Control Board for the San Francisco Bay Region (the "Board"), with reference to the following facts:

A. The Burdened Property and groundwater underlying the property contains hazardous materials.

B. Contamination of the Burdened Property. Soil on the Burdened Property is contaminated with petroleum hydrocarbons, polynuclear aromatic hydrocarbons and some metals, which constitute hazardous materials as that term is defined in Health & Safety Code Section 25260. Site mitigation performed to date includes decommissioning and removal of most site improvements and the paving and capping of most portions of the Burdened Property with asphalt and concrete.

C. Exposure Pathways. The contaminants addressed in this Covenant are present in the soil on the Burdened Property. Without the mitigation measures which have been performed on the Burdened Property, exposure to these contaminants could take place via in-place contact, surface-water runoff, and wind dispersal, resulting in dermal contact, inhalation or ingestion by humans. The Board has determined that the presence of chemical constituents in soil on the Burdened Property does not pose a threat to human health where the Burdened Property is used

for industrial purposes. The risk of public exposure to the contaminants has been substantially lessened by the remediation and controls described herein.

D. Adjacent Land Uses and Population Potentially Affected. The Burdened Property is used for industrial uses and is adjacent to general industrial and transportation land uses.

E. Full and voluntary disclosure to the Board of the presence of hazardous materials on the Burdened Property has been made and extensive sampling of the Burdened Property has been conducted.

F. Covenantor desires and intends that in order to benefit the Board, and to protect the present and future public health and safety, the Burdened Property shall be used in such a manner as to avoid potential harm to persons or property that may result from hazardous materials that may have been deposited on portions of the Burdened Property.

ARTICLE I GENERAL PROVISIONS

1.1 Provisions to Run with the Land. This Covenant sets forth protective provisions, covenants, conditions and restrictions (collectively referred to as "Restrictions") upon and subject to which the Burdened Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. The restrictions set forth in Article III are reasonably necessary to protect present and future human health and safety or the environment as a result of the presence on the land of hazardous materials. Each and all of the Restrictions shall run with the land, and pass with each and every portion of the Burdened Property, and shall apply to, inure to the benefit of, and bind the respective successors in interest thereof, for the benefit of the Board and all Owners and Occupants. Each and all of the Restrictions are imposed upon the entire Burdened Property unless expressly stated as applicable to a specific portion of the Burdened Property. Each and all of the Restrictions run with the land pursuant to section 1471 of the Civil Code. Each and all of the Restrictions are enforceable by the Board.

1.2 Concurrence of Owners and Lessees Presumed. All purchasers, lessees, or possessors of any portion of the Burdened Property shall be deemed by their purchase, leasing, or possession of such Burdened Property, to be in accord with the foregoing and to agree for and among themselves, their heirs, successors, and assignees, and the agents, employees, and lessees of such owners, heirs, successors, and assignees, that the Restrictions as herein established must be adhered to for the benefit of the Board and the Owners and Occupants of the Burdened Property and that the interest of the Owners and Occupants of the Burdened Property shall be subject to the Restrictions contained herein.

1.3 Apportionment of Burden Among Multiple Owners. Where ownership of the Burdened Property is held by multiple persons, holding by several titles, the burdens imposed by this Covenant shall be apportioned between them proportionate to the value of the property held by each owner, if such value can be ascertained, and if not, then according to their respective interests in point of quantity. (Cal. Civ. Code, § 1467.)

1.4 Incorporation into Deeds and Leases. Covenantor desires and covenants that the Restrictions set out herein shall be incorporated in and attached to each and all deeds and leases of any portion of the Burdened Property. Recordation of this Covenant shall be deemed binding on all successors, assigns, and lessees, regardless of whether a copy of this Covenant and Agreement has been attached to or incorporated into any given deed or lease.

1.5 Purpose. It is the purpose of this instrument to convey to the Board real property rights, which will run with the land, to facilitate the remediation of past environmental contamination and to protect human health and the environment by reducing the risk of exposure to residual hazardous materials.

ARTICLE II DEFINITIONS

2.1 Board. "Board" shall mean the California Regional Water Quality Control Board for the San Francisco Bay Region and shall include its successor agencies, if any.

2.2 Improvements. "Improvements" shall mean all buildings, roads, driveways, regradings, and paved parking areas, constructed or placed upon any portion of the Burdened Property.

2.3 Occupants. "Occupants" shall mean Owners and those persons entitled by ownership, leasehold, or other legal relationship to the exclusive right to use and/or occupy all or any portion of the Burdened Property.

2.4 Owner or Owners. "Owner" or "Owners" shall mean the Covenantor and/or its successors in interest, who hold title to all or any portion of the Burdened Property.

ARTICLE III DEVELOPMENT, USE AND CONVEYANCE OF THE BURDENED PROPERTY

3.1 Restrictions on Development and Use. Covenantor promises to restrict the use of the Burdened Property as follows:

- a. Development of the Burdened Property shall be restricted to industrial, commercial or office space;
- b. No residence for human habitation shall be permitted on the Burdened Property;
- c. No hospitals shall be permitted on the Burdened Property;
- d. No schools for persons under 21 years of age shall be permitted on the Burdened Property;

e. No day care centers for children or day care centers for Senior Citizens shall be permitted on the Burdened Property;

f. No Owners or Occupants of the Property or any portion thereof shall conduct any excavation work on the Property, unless expressly permitted in writing by the Board. Any contaminated soils brought to the surface by grading, excavation, trenching, or backfilling shall be managed by Covenantor or his agent in accordance with all applicable provisions of local, state and federal law;

g. All uses and development of the Burdened Property shall be consistent with any applicable Board Order or Risk Management Plan, each of which is hereby incorporated by reference including future amendments thereto. All uses and development shall preserve the integrity of any cap, any remedial measures taken or remedial equipment installed, and any groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Board, unless otherwise expressly permitted in writing by the Board.

h. No Owners or Occupants of the Property or any portion thereof shall drill, bore, otherwise construct, or use a well for the purpose of extracting water for any use, including but not limited to, domestic, potable, or industrial uses, unless expressly permitted in writing by the Board.

i. The Owner shall notify the Board of each of the following: (1) The type, cause, location and date of any disturbance to any cap, any remedial measures taken or remedial equipment installed, and of any groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Board, which could affect the ability of such cap or remedial measures, remedial equipment, or monitoring system to perform their respective functions and (2) the type and date of repair of such disturbance. Notification to the Board shall be made by registered mail within ten (10) working days of both the discovery of such disturbance and the completion of repairs;

j. The Covenantor agrees that the Board, and/or any persons acting pursuant to Board orders, shall have reasonable access to the Burdened Property for the purposes of inspection, surveillance, maintenance, or monitoring, as provided for in Division 7 of the Water Code.

k. No Owner or Occupant of the Burdened Property shall act in any manner that will aggravate or contribute to the existing environmental conditions of the Burdened Property. All use and development of the Burdened Property shall preserve the integrity of any capped areas.

3.2 Enforcement. Failure of an Owner or Occupant to comply with any of the restrictions, as set forth in paragraph 3.1, shall be grounds for the Board, by reason of this Covenant, to have the authority to require that the Owner modify or remove any Improvements constructed in violation of that paragraph. Violation of the Covenant shall be grounds for the Board to file civil actions against the Owner as provided by law.

3.3 Notice in Agreements. After the date of recordation hereof, all Owners and Occupants shall execute a written instrument which shall accompany all purchase agreements or leases relating to the property. Any such instrument shall contain the following statement:

The land described herein contains hazardous materials in soils and in the ground water under the property, and is subject to a deed restriction dated as of December 18, 2000, and recorded on December 28, 2000, in the Official Records of Alameda County, California, as ~~Document No.~~ *recorded concurrently herewith* which Covenant and Restriction imposes certain covenants, conditions, and restrictions on usage of the property described herein. This statement is not a declaration that a hazard exists.

ARTICLE IV VARIANCE AND TERMINATION

4.1 Variance. Any Owner or, with the Owner's consent, any Occupant of the Burdened Property or any portion thereof may apply to the Board for a written variance from the provisions of this Covenant.

4.2 Termination. Any Owner or, with the Owner's consent, any Occupant of the Burdened Property or a portion thereof may apply to the Board for a termination of the Restrictions as they apply to all or any portion of the Burdened Property.

4.3 Term. Unless terminated in accordance with paragraph 4.2 above, by law or otherwise, this Covenant shall continue in effect in perpetuity.

ARTICLE V MISCELLANEOUS

5.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Burdened Property or any portion thereof to the general public.

5.2 Notices. Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication shall be in writing and shall be deemed effective (1) when delivered, if personally delivered to the person being served or official of a government agency being served, or (2) three (3) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested:

If To: "Covenantor"

Union Pacific Railroad Company
49 Stevenson Street, 15th Floor
San Francisco, California 94105

With a copy to:

Group 55, LLC
c/o Standard Iron and Metals Company
801 69th Avenue
Oakland, California 94621

If To: "Board"

Regional Water Quality Control Board
San Francisco Bay Region
Attention: Executive Officer
1515 Clay Street, Suite 1400
Oakland, California 94612

5.3 Partial Invalidity. If any portion of the Restrictions or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such portion had not been included herein.

5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not a part of the Covenant.

5.5 Recordation. This instrument shall be executed by the Covenantor and by the Executive Officer of the Board. This instrument shall be recorded by the Covenantor in the County of Alameda, California within ten (10) days of the date of execution.

5.6 References. All references to Code sections include successor provisions.

5.7 Construction. Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the Covenant to effect the purpose of this instrument and the policy and purpose of the Water Code. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid.

IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.
Covenantor:

Union Pacific Railroad Company,
a Delaware corporation

By: Lawrence E. Wozorek
Title: Assistant Vice President - Law
Date: 12/21/2000
Lawrence E. Wozorek

State of California
Regional Water Quality Control Board,
San Francisco Bay Region

By: _____
Title: Executive Officer
Date: _____

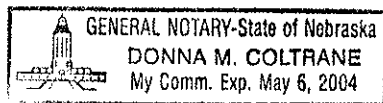
STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

On December 21, 2000, before me, a Notary Public in and for said County and State, personally appeared Lawrence E. Wzorek, Assistant Vice President-Law of UNION PACIFIC RAILROAD COMPANY, a Delaware corporation, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Donna M. Coltrane
Notary Public

(SEAL)

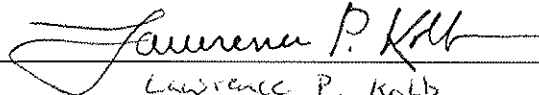


IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.
Covenantor:

Union Pacific Railroad Company,
a Delaware corporation

By: _____
Title: _____
Date: _____

State of California
Regional Water Quality Control Board,
San Francisco Bay Region

By: 
 Lawrence P. Kolb
Title: Executive Officer
Date: 12/26/00

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, 2000 before me, the undersigned a Notary Public in and for said state, personally appeared [Covenantor], personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument.

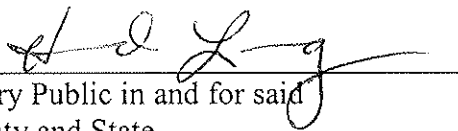
WITNESS my hand and official seal.

Notary Public in and for said
County and State

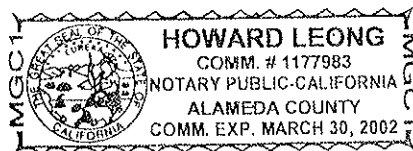
STATE OF CALIFORNIA)
)
COUNTY OF ALAMEDA)

On DEC 26, 2000 before me, the undersigned a Notary Public in and for said state, personally appeared [EXECUTIVE OFFICER], personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument.

WITNESS my hand and official seal.



Notary Public in and for said
County and State



STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, 2000 before me, the undersigned a Notary Public in and for said state, personally appeared [Covenantor], personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument.

WITNESS my hand and official seal.

Notary Public in and for said
County and State

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, 2000 before me, the undersigned a Notary Public in and for said state, personally appeared [EXECUTIVE OFFICER], personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument.

WITNESS my hand and official seal.

Notary Public in and for said
County and State

SUBSTITUTION OF LEGIBLE ORIGINALS
(G.C. 27361.7)
DECLARE UNDER PENALTY OF PERJURY,
THAT THIS HANDWRITTEN OR
TYPEWRITTEN LEGIBLE COPY IS A TRUE
COPY OF THE ORIGINAL PAGE(S).


D. Barnes

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION

REAL PROPERTY in the City of Oakland, County of Alameda, State of California, described as follows:

Lots 1 and 2 and portions of Lots 2, 3, 4, 5, 6, 7, 8, 18, 19 and 20 all in Block "R", and Lots 3, 4, 5, 6, 7, 8, 9, 14, 15, 16, 17, 18, 19, 20, and 21 and portions of Lots 10, 11, 12 and 13, all in Block "Q" and a portion of 46th Avenue (abandoned), "Huntington Tract", filed June 4, 1892 in Map Book 13, Page 44, Alameda County Records, Oakland, California described as follows:

Beginning at the Northwest corner of said Lot 21, Block "Q", thence South $45^{\circ}53'00''$ West, 100.00' to the Northwest corner of said Lot 19, Block "Q"; thence North $44^{\circ}07'00''$ West, 120.00' to the Northwest corner of said Lot 3, Block "Q"; thence along the Southeast line of 45th Avenue, South $45^{\circ}53'00''$ West, 367.27'; thence South $50^{\circ}14'52''$ East, 84.57'; thence South $33^{\circ}37'00''$ West, 77.39'; thence along a non-tangent curve, concave to the North, having a radius of 575', from which the radial bears North $18^{\circ}54'10''$ East, a distance of 356.99' thence North $68^{\circ}20'00''$ East, 40.54'; thence North $66^{\circ}33'30''$ East, 98.11' to a tangent curve, concave to the South, having a radius of 385' from which the radial bears South $23^{\circ}26'30''$ West, a distance of 194.32'; thence along the Southwest line of San Leandro Street, North $44^{\circ}07'00''$ West, 390.69' to the point of beginning.

Shown as Parcel A in that certain "Certification for Parcel Map Waiver", recorded June 19, 2000, Series No. 2000182113, Official Records.

A.P. Nos.: 034-2267-003
 034-2267-004-03 (a portion)
 034-2267-006

EXHIBIT A